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'Distributor Profile Survey' compares commodity volumes

ELM GROVE, WIS.—The Specialty Tools & Fasteners Distributors Assn. has released the results of its 1982 *Distributor Profile Survey*. This edition of the biennial poll prompted a response from roughly 29% of the 481 distributors surveyed, assuring STAFDA that the results of the 1982 profile hold true among distributors generally.

STAFDA says that manufacturers will find the survey of interest, since it discloses the relative volume of 28 commodity lines that, in total, make up 93% of STAFDA members' sales. Since STAFDA's earlier *Performance Analysis Report* found that average member sales for 1981 were just over $3.1 million, each 1% of commodity volume represents about $15.3 million at selling price.

The survey found that the average distributor surveyed buys from 109 suppliers, up from 84 in 1980. General contractors and industrial users continue to be a STAFDA distributor's best customers, in terms of volume. Volume mix has changed little: Sales have risen slightly in two years (from 85.8% to 87.5% of total volume), while service and repairs have dropped.

Employee compensation styles have little to do with the size of the company, the survey pointed out, except at the owner/manager/CEO level. Here, generally, salaries matched the size of the company's annual dollar volume, although the survey uncovered several exceptions. Other employee income kept pace with inflation since 1980: Warehouse supervisors' salaries were up 15.4%; clerks', up 16.7%; truck drivers', 19.0%; sales personnel's, 22.6%. However, the bigger the company is, the more likely it is to offer superior employee fringe benefits, such as dental coverage. Seventy-eight percent of those surveyed now offer life insurance (compared with 69% in 1980), and dental coverage is now offered by 35%; in 1980, that figure was 24%.

Eighty percent of those surveyed were able to obtain product liability coverage at a cost equal to or even less than that of a year ago. However, 13.9% reported having experienced claims problems in the past two years, up from 13.1% in the last survey.

Forty-nine percent now have in-house computers, up from 38% in 1980. When those planning to buy a computer or who are already on timesharing are included, the 49% figure jumps to 88%.

Forty-six percent now use LIFO (last-in,

STAFDA Distributor Profile/1982

Selected responses from questionnaire

How large was your 1981 sales volume?

Under $250,000	2.99%	$2 million-$3 million	20.15%	Proprietor	4.55%
$250,000-$500,000	5.97%	$3 million-$5 million	13.43%	Partnership	0.76%
$500,000-$1 million	13.43%	$5 million-$8 million	8.21%	Sub-S corporation	6.06%
$1 million-$2 million	28.36%	Over $8 million	7.46%	Closed corporation	86.36%
				Public corporation	2.27%

What kind of organization do you have?

The average distributor has 3.5 inside and 5.5 outside salespeople.
131 distributors reported employing an average of 23.1 people at 174 branches.

What is your product mix?

Abrasives	3.7%	Drywall screws	3.4%	Power staplers	6.1%
Adhesives & sealants	1.2%	Gas engine equipment	2.0%	Safety equipment	1.2%
Air tools	2.6%	Generators	0.8%	Scaffolds & ladders	1.7%
Anchors	9.5%	Hand tools	4.2%	Screwdriver accessories	0.7%
Blades	2.7%	Hangers	1.8%	Stationary tools	1.4%
Blind rivets	1.1%	Hydraulic tools	1.0%	Threaded fasteners	7.2%
Compressors	1.8%	Lifting equipment	0.7%	Threaded rod	1.2%
Cords & cables	3.3%	Power-actuated tools	7.1%	Tool boxes	1.3%
Diamond equipment	2.7%	Pipe tools	2.0%	Miscellaneous	6.6%
Drill bits	3.7%	Portable electric tools	17.3%		

Each 1% equals about $15.3 million in sales volume.
The average distributor buys from 109 suppliers.

Who are your best customers, in terms of sales volume?

Plumbing & electrical contractors	11.7%	Metal fabricators	5.1%	Drywall contractors	6.1%
		Utilities	3.7%	Industrial customers	18.8%
General contractors	20.1%	Building contractors	12.5%	Other	7.8%
Electrical contractors	14.2%				

Each 1% equals about $15.3 million in sales volume.

As a percent of your total, what did your 1981 volume consist of?

Sales	87.5%	Service & repair	5.0%	Other	0.6%
Rental	5.9%	Contract drill & saw	[illegible]		

Each 1% equals about $15.3 million in sa[illegible]

What was your company's 1981 W-2 compensation, excluding fringes?

Owner/manager	$56,800	Bookkeeping/accounting	$14,400-$18,700
Outside salespeople	$21,400-$35,500	Warehouse supervisors	$15,200-$18,300
Inside salespeople	$16,100-$21,200	Clerical help	$10,600-$12,500
Countermen	$14,100-$16,600	Truck drivers	$11,600-$13,400

Do you offer employees:	Yes	No	Share costs? (% of "yes")
Hospital & surgical?	94.85%	5.14%	23.26%
Long-term disability?	40.30%	59.70%	12.99%
Life insurance?	78.68%	21.32%	9.35%
Dental care?	35.20%	64.80%	18.18%
Profit sharing?	52.55%	47.45%	2.78%
Pension plan?	38.64%	61.36%	0.00%

first-out) as their method of inventory evaluation, compared to 36% in 1980. Thirteen percent of those surveyed reported a visit to their premises by a government representative in the past year, most of those visitors being revenue agents. That 13% is down from 30% in the 1980 survey.

Business interruption insurance is now being carried by 54%, up from 38% two years ago. The number of STAFDA firms dealing with unions is down from 9% to 6%. More distributors are paying commissions on profit and not sales volume, since figuring profit has been made easier with the computer. Employee turnover, 16.2% in 1980, was down to 10.9% this year.

The average billing line is $28 now, compared with $25 two years ago, and the average invoice has gone to $197 from $125. Distributors have nearly doubled their customer bases in order to attract new business.

Forty-one percent reported that they had applied for or received a loan in the past six months, compared with 40% in 1980. Fords and Chevrolets remain the most popular working vehicles among distributors; in fact, imported cars received fewer mentions by those surveyed than in the 1980 poll. □

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Circle 8

AMTDA data show that machine tool houses continue to prosper

WASHINGTON—The American Machine Tool Distributors Assn. has collected and published information designed to counter the image of the industry as troubled or failing. The facts gathered by AMTDA have been culled from surveys made of association members in the past several months.

- The average salary for an experienced outside salesman in machine tools is $36,000 per year. In machine tool distributorships with more than $15 million in annual sales, the average salesman sells more than $1.9 million worth of tools and related equipment per year. Eleven hundred outside salesmen employed by 130 machine tool distributorships sold more than $1.6 billion in tools during 1981.
- The average distributorship sells $13 million worth of machine tools each year. The median sales figure is $8 million.
- That average firm employs 24.2 persons, of whom 36%, or 8.7, are outside salesmen. The average compensation for salesmen in a distributorship with less than $2 million per year in sales is $26,000. In firms with sales of more than $10 million, the average salesman's compensation is $50,000. Half the distributors surveyed by AMTDA in 1981 planned to add outside salesmen to their payrolls this year.
- Nearly half those distributors with sales of less than $2 million annually employ a full-time serviceman. Firms with sales of more than $15 million have hired 3.8 servicemen.
- More than half of all machine tool distributors cover their salesmen with a written contract. More than 65% give their employees hospitalization insurance. Fifty-six percent provide life insurance; more than half give profit-sharing; a third provide disability insurance; 26% have a pension plan; and more than 20% give dental insurance. □

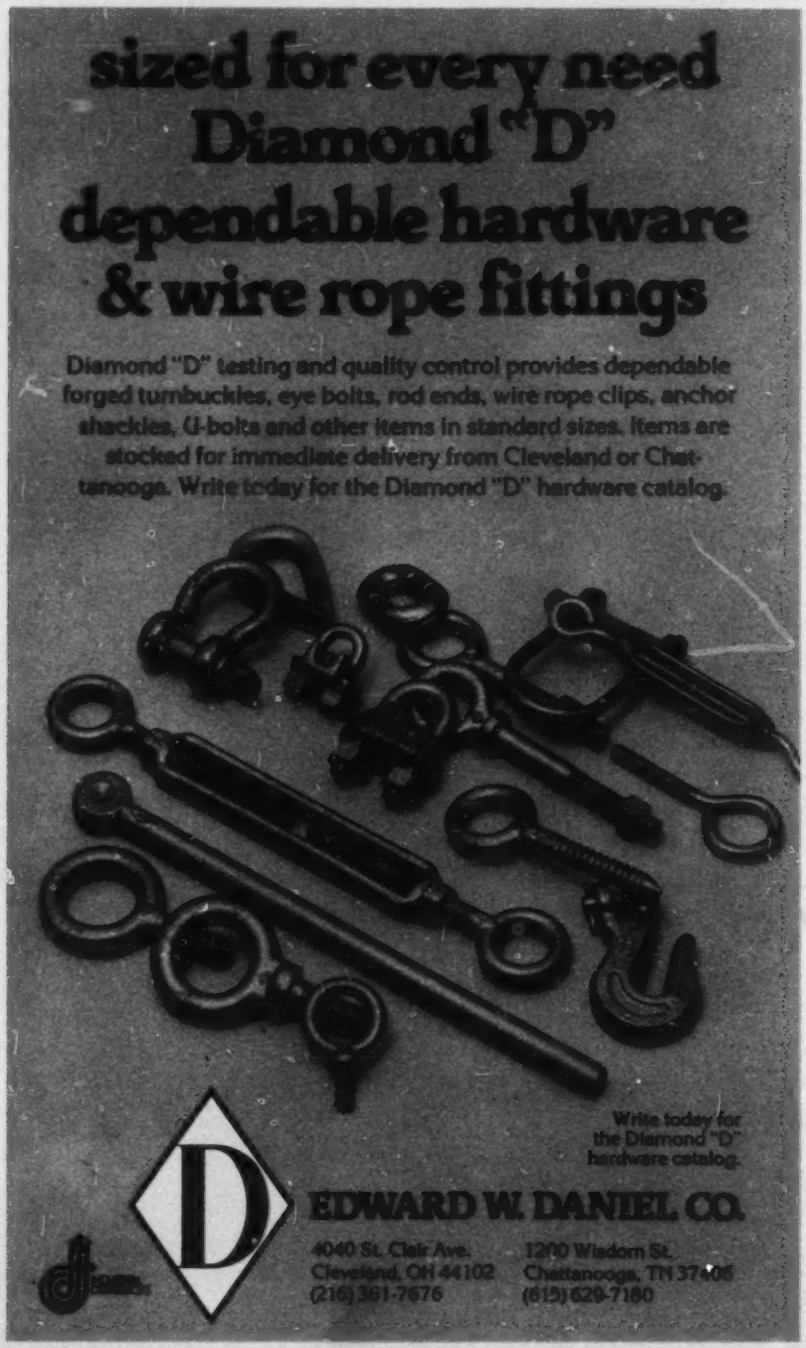
Multiemployer pension plans said to threaten distribution firms

WASHINGTON—The Specialty Tools & Fasteners Distributors Assn. has issued a legal advisory on the *Multiemployer Pension*

[continued from page 14]
claimants. "It will be the same company," says McKinney's letter. "It will just have a different-looking balance sheet."

McKinney adds that his company is still in good shape. "Our domestic assets are virtually all unencumbered," he writes. "For instance, on a consolidated basis, we have over $1.4 billion in net book value of unmortgaged property, plants and equipment. Approximately $600 million in net book value of our other consolidated assets are virtually all unencumbered. We entered Chapter 11 with approximately $15 million in cash, which will at least double (after all current payments) by the end of September.

"We expect to build up substantially more cash in the next few months from operating cash flows, resulting in part from the automatic suspension of payment of pre-Chapter 11 debts and stays of asbestos-health litigation. All obligations incurred on and after Aug. 26, 1982, will have priority over most pre-Aug. 26 liabilities."□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Circle 29

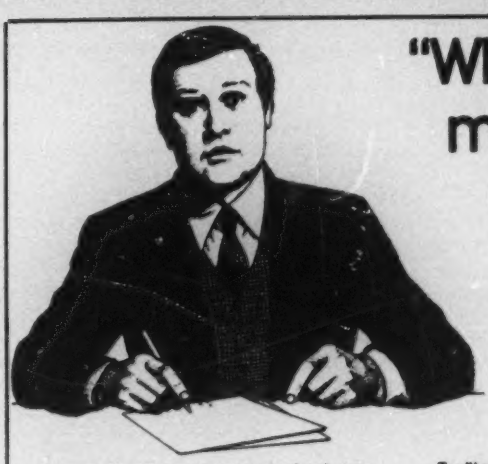
Indicators

Hell must have frozen over in August. That was the month in which the *NIDA-SIDA Industrial Supply Inflation Index* declined—yes, *declined*—for the first time in 11 years. The *Index* fell 0.2 points (0.13%) to 153.8. That dip in the mark equates to an annualized deflation rate of 1.57%. The bad news is, however, that it still takes almost $154 to buy what $100 bought in industrial supplies in 1977 . . . Worse news is that the *NIDA-SIDA Industrial Distribution Index* was also down in August, maintaining national and regional levels substantially below those of a year ago. The national figure for August was 119.1, down 0.9 points (0.75%) from July's mark. Regionally, only the midwest showed a gain (to 103.8, up 2.7 points or 2.67%) for the month. The other regions: the east, down 4.7 points (3.85%); the south, off 4.0 points (3.02%); and the west, down 3.6 points (2.26%). Compared with a year ago, the national figure is off 20.92%; the east's, 22.01%; the midwest's, 24.89%; the west's, 15.50%; and the south's, 17.00%. Regional indices for August were: the east, 117.3%; the midwest, 103.8; the west, 155.9; and the south, 128.4 . . . The *SIDA Monthly Sales Trend Report* for July showed sales down 11.63% from June and off 23.34% from the year before. Year-to-date sales, however, are running only 6.93% behind last year's. Average collection days on accounts receivable were down again in July from June, to 42, which was 4.76% better than the month before and 18.99% better than a year ago. Whether this means that there's more money out there with which to pay bills, or that distributors are getting better at collecting, is hard to say . . . The *ASMMA New Order Index* for June was down 0.7 points (0.82%), a loss followed by a further 3.2-point (3.78%) decline in July. This left the ASMMA mark at 81.4 . . . The Federal Reserve Board's *Index of Industrial Production* was down 0.1 points (0.08%) in July, putting that mark at 125.2 . . . The U.S. Commerce Dept.'s index of 12 leading indicators was up 0.2 points (0.16%) in July, to 127.9 . . . The National Wholesale Hardware Assn.'s *Hardware Sales Index* was up 1.1 points (1.12%) in July and 0.2 points (0.20%) in August, rising to 99.4 during that month. In terms of daily average sales figures, the *Index* was down 5.2% in July and up 1.4% in August . . . The National Wholesale Hardware Assn.'s *Hardware Sales Index* was up 1.1 points (1.12%) in July and 0.2 points (0.20%) in August, rising to 99.4 during that month. In terms of daily average sales figures, the *Index* was down 5.2% in July and up 1.4% in August . . . The National Welding Supply Assn.'s *Welding Supply Index* was down 9.9% in July, falling to 128.8. Year-to-date figures

for 1982 are running 7.1% behind 1981's . . . The Material Handling Institute reports dismal figures on orders and shipments of material handling equipment. In May, orders were running 47.28% below those for the same month last year, and year-to-date figures were 25.26% off; shipments for May were off 8.82% from the pace set in May 1981, and year-to-date figures were down 3.91%. Things were generally worse in June. Orders for that month were down 35.73% from June 1981 levels, and were off 26.93% from the year-to-date mark set last year; shipments were down 15.41% from June 1981, and year-to-date figures were off 6.02%. Orders in June totaled $264.8 million; shipments were $356.7 million. So far this year, the industry has reported $1.89 billion in orders and $2.17 billion in shipments, compared with $2.59 billion in orders and $2.30 billion in shipments in the first six months of 1981 . . . The National Machine Tool Builders' Assn. says that new machines tool orders stood at $128.2 million in June, $107.8 million in July and $83.0 million in August, while shipments totaled $413.9 million in June, $248.8 million in July and $257.2 million in August. In August, orders were down 22.1% for the month, off 61.3% from August 1981 levels and down 50.8% from last year's year-to-date levels. Shipments were up 2.7% in August from July but down 21.0% from July 1981. Year-to-date levels on shipments were down 20.3% . . . The Copper & Brass Servicenter Assn. says that its index of free-cutting brass rod shipments was down 1.1 points (1.41%) in June but up 2.6 points (3.39%) in July, rising that month to 76.8. CBSA's index of all other coppermetal products (exclusive of brass rod and water tube) was down 3.1 points (3.66%) in June and 15.7 points (19.26%) in July, falling to 65.8. That mark represents an all-time low for the index, which is based on the average shipments sent in the same month in 1978 . . . The American Machine Tool Distributors' Assn.'s *New Machine Tool Order Index* for July was down 5.9 points (13.14%) for the month, falling to 67.1. This is 28.39% below year-ago levels. The *Index* is based on average order levels in the 1978-80 period. □

Analysts see U.S. machining centers gaining in the '80s

NEW YORK—Frost & Sullivan Inc., business consultants, forecasts that unit shipments of machining centers by U.S. manufacturers will increase at an 8.4% compounded annual rate through this decade. In straight numbers, the firm expects that unit shipments will grow from 2101 in 1980 to



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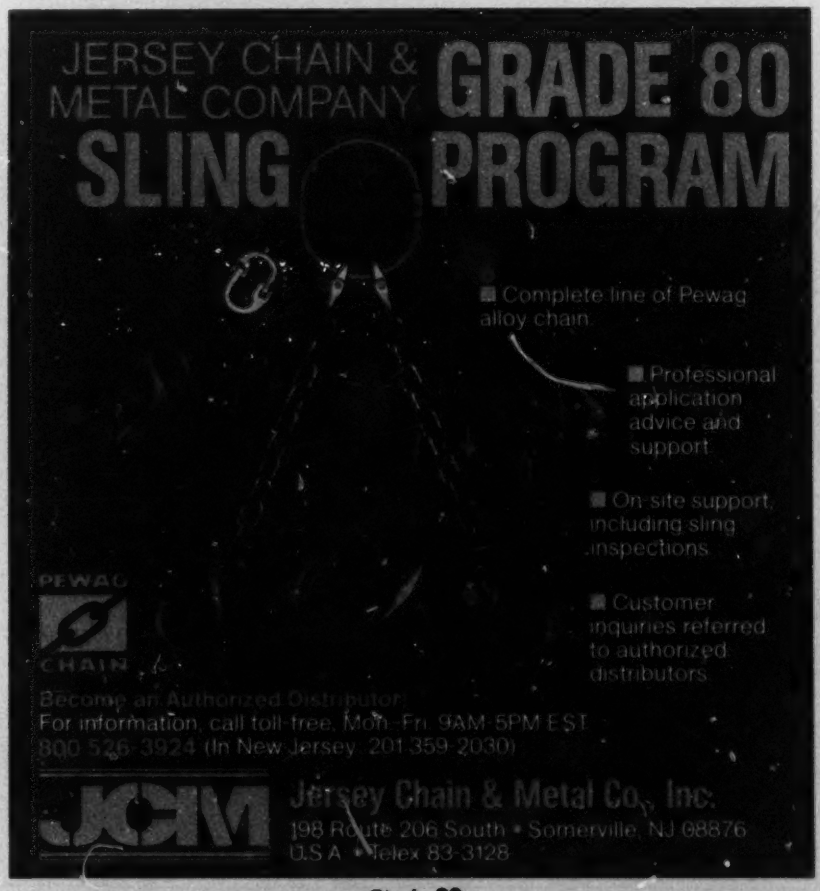

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Circle **23**

Sales look up in August

The worst may be over. Distributors in most parts of the nation report that their August sales were up by a healthy fraction over July levels. As a whole, distributors enjoyed a 7% sales gain in that month, reducing the year-ago sales deficit to 14%.

Even so, year-to-date sales are still heavily splashed with red ink. No region witnessed an upturn, and losses have been as great as 27% in the West South Central and 21% in Connecticut. The Pacific region with its heavy reliance on wood and construction is down by 20% compared to 1981.

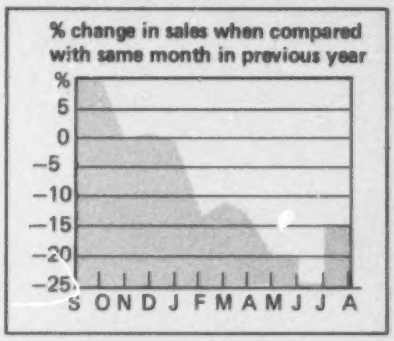
However, when compared with the same month of the previous year, Pacific distributors were one of only two which saw increases; here it was 3%. Chicago distributors report gains of 15%. All other areas posted losses of anywhere from 2% to 42%.

The gain over previous month totals, though, may turn out to enjoy some support from other national trends recently surfacing throughout the economy. The unemployment rate notwithstanding, the bullish stock market, which in itself is a response to loosening credit controls, may give industry the confidence to bury the early-80's recession once and for all. Should this occur, year-ago sales figure deficits will be much less severe in the next few months.

However, even according to Alan Greenspan, an informal Reagan advisor, there is no hard evidence of an economic upturn. Administration optimists are hoping for a 3% increase in the fourth quarter for the GNP. □

RECEIVABLES*	August 1982 Gen.	August 1982 Spec.	August 1981 Gen.	August 1981 Spec.
New England	40.7	47.8	40.4	48.1
Middle Atlantic	40.0	46.7	42.1	46.2
South Atlantic	34.3	33.3	33.9	36.1
East North Central	37.6	41.5	39.7	41.3
East South Central	37.2	35.0	38.9	38.0
West North Central	38.1	38.0	37.8	38.0
West South Central	42.3	50.5	46.6	42.1
Mountain	33.2	38.9	29.1	39.6
Pacific	41.7	45.4	41.8	47.3
National	38.3	41.9	38.9	41.9

*Average days outstanding



While August sales trail last year's, the slump may have bottomed out . . .

SALES BY REGIONS (% change)	August '82 vs. July '82 Gen.	Spec.	Both	August '82 vs. August '81 Gen.	Spec.	Both	1st 8 mos. '82 vs. 1st 8 mos. '81 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+ 9	+10	+ 9	−15	+ 7	− 8	−15	−15	−15
Connecticut	0	+10	+ 3	−22	+ 6	−13	−15	−32	−21
Massachusetts	+13	+10	+12	− 8	+ 8	− 2	−15	−10	−12
MIDDLE ATLANTIC: NY, NJ, PA	+ 8	+ 3	+ 6	−15	−10	−13	−14	− 3	− 9
New York Metropolitan Area	+15	0	+ 5	+ 4	−13	− 8	− 1	−14	−13
Upstate New York	0	+ 4	+ 2	− 1	− 9	− 4	−10	− 3	− 7
Pennsylvania	+ 7	+14	+10	−24	− 2	−16	−23	+ 1	−14
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	+14	+ 8	+12	−15	−13	−14	− 4	− 8	− 5
	+14	+14	+14	−18	−12	−15	− 2	−13	− 7
Georgia-Florida	+10	+ 5	+ 8	−13	−14	−13	−16	− 6	−13
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	+ 4	+16	+10	−18	−12	−15	−15	−12	−14
Indiana	+12	0	+12	− 6	0	− 6	− 7	0	− 7
Wisconsin	+ 1	+25	+ 9	−18	−22	−19	− 9	−19	−12
Chicago	0	+37	+37	0	+15	+15	0	−13	−13
Michigan	+ 4	+ 1	+ 3	−30	− 8	−21	−34	+13	−14
Ohio	+ 3	+21	+10	−11	−22	−15	− 7	−14	−10
EAST SOUTH CENTRAL: AL, MS, KY, TN	0	− 8	− 6	0	−22	−18	0	−19	−15
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	− 6	+14	+ 9	−47	−22	−28	−31	− 6	−12
WEST SOUTH CENTRAL: AK, LA, OK, TX	− 7	− 5	− 6	−43	−41	−42	−33	−21	−27
Texas	− 1	− 2	− 2	− 6	−28	−26	−12	−21	−18
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	+14	+ 2	+10	−20	+13	− 9	−12	−18	−14
PACIFIC: CA, OR, WA	+ 5	+11	+ 8	−15	+27	+ 3	−15	−27	−20
L.A.-San Diego	+10	+ 7	+ 9	− 2	−12	− 5	− 4	− 3	− 4
Oregon-Washington	+ 2	−14	− 4	−20	−18	−19	−20	−16	−18
U.S. TOTALS	+ 7	+ 8	+ 7	−18	− 9	−14	−15	− 5	−10